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{1}Communication between parties in the emerging era of electric utility deregulation and competition is critical. In the past, communication within the electric utility business was simple and involved low-tech solutions such as voice communication over telephones, fax machines, computer-to-computer communications over modems, and even "snail mail."

{2}But in today's high tech and fast-paced environment, these old methods of communication are inadequate. Electric utilities and suppliers now operate in many states and must exchange large volumes of information. Human intervention in the exchange must be minimized. Data flows must go from one computer directly to another computer. And in order to accomplish this, there must be uniformity or standards by which the data is transmitted.

{3}In March 1998, Virginia's two largest utilities - Dominion Virginia Power and American Electric Power - were ordered by the State Corporation Commission (the "SCC") to develop retail access pilot programs. Shortly after the proposed pilot programs were filed in November 1998, the utilities recognized the need for uniformity in developing the data transactions that would be needed to implement customer choice in Virginia. They began a collaborative effort to develop standards and this became the beginning of what is now known as the Virginia Electronic Data Transfer ("VAEDT") working group. After several months of effort by the utilities and a number of the state's electric cooperatives, the SCC staff assumed the role as facilitator of the VAEDT. The VAEDT and its work are expected to be recognized in the Interim Rules for Retail Pilot Programs that will soon be issued by the Commission. The draft plan for Electronic Data Interchange ("EDI") transactions is currently being finalized and the group is beginning to look at the EDI testing procedures. For example, the current issue being examined by the group is whether or not a third party facilitator is necessary to conduct EDI testing. Disputes arising from disagreements about non-compliance could more easily be settled if a non-biased third party facilitated the testing process.

{4}It is anticipated that the work of the VAEDT will expand in the future to address business practices. This

parallels the work of the Uniform Business Practices ("UBP") group that is being facilitated by the Edison Electric Institute ("EEI") and the Coalition for Uniform Business Rules ("CUBR"). The timing of this national UBP effort is excellent and serves as a template for Virginia to use as it implements full choice, which will be phased-in beginning in 2002. Virginia is expected to be one of the first states to utilize the consensus practices developed by the national collaborative.

{5}The processes developed for the implementation of choice must balance consumer concerns against what must be done to facilitate the opening of the market. Consumers are concerned about anti-slamming issues, confidentiality of information and the continued reliability and safety of their electric service. Utilities, that are likely operating under rate caps, are concerned about the costs and time to implement the systems needed to open the market. It becomes a delicate balancing act for regulators and utilities to address all of these legitimate concerns.

{6}There are many new processes that must be developed in a competitive marketplace. These processes can generally be segmented into several areas: pre-market customer information; customer contracts; customer switching and finally the settlement processes - both operational and financial. Pre-market opening issues include items such as customer education and the release of customer information.

{7}As a previously regulated monopoly service such as electricity is opened to competition, it is crucial to communicate with and educate customers. The challenge becomes providing just the right amount of information - provide too much and customers are confused - provide too little and they are frustrated. In either case, expect a major impact on phone centers whose representatives must also be educated on how to respond to customer's inquiries. Add to this new rules regarding code of conduct issues and new systems that reps must learn to answer customer's questions and suddenly the challenges they face become enormous.

{8}Everyone agrees it is important for customer information to be made available to suppliers to "jump start" the market, but how authorization is obtained to release that information has also proven to be a contentious issue. Should customers positively authorize the release of their information to suppliers or is a negative check-off all that is necessary? [Note: Negative check-off means the customer is notified that his information will be released to licensed suppliers unless the customer specifically requests that it not be released.] In either case methods must be developed to provide customer information to suppliers that assure the confidentiality of that information. Since much of this information is provided via a secure website, new security procedures had to be developed to allow non-company personnel to access this website.

{9}New rules and processes that involve suppliers and their interactions with customers must also be developed. This includes rules that address points such as: what information must suppliers provide to customers in their marketing materials; what period of time do customers have to rescind their selection of a supplier; and what information must be included in customer contracts.

{10}In order for customers to switch to a new supplier, new systems and electronic transactions had to be developed to process switch requests. This required major changes to existing utility customer information systems. Old legacy systems had to do things they were never designed to do - they never had to communicate outside the utility. New interfaces had to be built to connect all the new systems with the existing customer information system.

{11}Electronic transactions previously only dealt with some purchasing and banking transactions. As customer choice is implemented, the volume of these transactions will increase significantly and, as a result, we had to increase our capacity to flow electronic transactions through the translator or "gateway." A significant programming effort was required to process the numerous electronic transactions that were expected.

{12}New operational processes were also developed in order to provide suppliers with forecasts of their customer's loads. New load profiles for various customer segments were created and, through the use of a new software program, Load Vision, we are able to provide suppliers with projections of the hourly load for of their customers for five days into the future. This software program had to be integrated with existing systems so that the entire procedure for scheduling, delivery and settlement could be automated. Settlement involves an after-the-fact reconciliation between the utility and supplier as the supplier's actual customer load is compared to the electricity it delivered every hour.

{13}On the financial side, the entire billing system was modified to handle the two new billing models - consolidated billing by the utility and separate bills from the utility and the supplier. New billing options for consolidated billing were also included. The system was built to handle both bill ready billing (where the supplier simply sends us the amount to include for his services on the bill) and rate ready billing (where we actually calculate the supplier's portion of the bill for him and include it on the bill.)

{14}All of these new processes required that electronic transactions be developed to facilitate the transfer of needed information between suppliers and the utility. As you can see, even in the simplest of cases, the number of transactions needed to communicate is extensive. As the processes become more complicated, more and more transactions are required. It's easy to see that communication is the key for successful implementation.

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[*] David Koogler assumed his current position of Project Manager - Customer Choice for Virginia Power in May 1999. In this position, he is responsible for overseeing the implementation of retail access for Virginia Power's delivery business, including the company's pilot program. Mr. Koogler joined Virginia Power in June, 1980. He began his career as an account representative working with large commercial and industrial customers, and then moved into the rates and regulation area where he progressed through positions of increasing responsibility. Before assuming his current position, Mr. Koogler was Director - Regulation & Competition, where he lead a team that provided technical support to the company's regulatory and legislative efforts associated with electric industry restructuring. Mr. Koogler graduated magna cum laude from Washington and Lee University with a Bachelor of Science Degree in Physics/Engineering, and was selected to membership in the Gamma of Virginia Chapter of Phi Beta Kappa. He has also earned a Master of Business Administration Degree from Virginia Commonwealth University.

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